

BUDGET ISSUE SUMMARY FORM

Budget Issue Title: Support of Hospitality Industry

Department: CDD

1. Issue Summary (briefly describe the budget issue):

On June 21, 2005, the City Council approved the placement of a measure on the November 8, 2005 ballot to propose to the voters a 1.0% graduated increase to the Transient Occupancy Tax (TOT) consisting of 0.5% beginning January 1, 2007; no additional increase in calendar year 2008; and 0.5% beginning January 1, 2009, provided that the average citywide hotel/motel occupancy rate is at least 60% for the 9-month period January 1, 2008 through September 30, 2008. If the average citywide occupancy rate is not at least 60% during this timeframe, the final 0.5% increase will become effective January 1, 2010.

A member of the hospitality industry and the Sunnyvale Chamber of Commerce's Chairman asked if some of the TOT funds could be used to support the Sunnyvale's hospitality industry.

Based on the provisions of Proposition 218, the City would not be able to allocate a portion of the TOT revenue to the hospitality industry without putting the issue up for a vote. If Council wants to allocate funding to support the hospitality industry, the funds would have to be taken from the General Fund.

The City Manager has convened a group of Sunnyvale business and community representatives to discuss how to promote Sunnyvale both inside and outside the city. This group is exploring what level of promotion is necessary and how to best leverage participation by both the private and public sectors. This group expects to formalize its recommendations by the end of fiscal year 2005/06.

The purpose of this budget issue is to promote Sunnyvale hotels to business travelers, residents, and out of town visitors to encourage them to stay in Sunnyvale hotels. Members of the hospitality industry think that it's important for the City to promote current projects and activities, such as the Sunnyvale Town Center Mall and the Millennium hotel, to generate excitement about staying in Sunnyvale hotels.

2. Is the budget issue a: PROJECT X OPERATING _____
3. If the issue is operating, specify the change in service level(s) that would result (from what, to what). If the issue is a project, write N/A.
- N/A
4. Note the issue's relationship to the appropriate general plan goal, policy, and/or action statement. (Briefly explain significant needs and expected benefits, noting possible outcome from postponement.)

This budget issue is related to the Land use and Transportation Element (LUTE) with one set of Goals, Policies and Action Statements. Specifically the following Goal, policies, and action statements:

- **GOAL C1:** preserve and enhance an attractive community, with a positive image and a sense of place that consists of distinctive neighborhoods, pockets of interest, and human-scale development.
 - Policy C1.2 Encourage nodes of interest and activity, such as parks, public open spaces, well planned development, mixed use projects, and other desirable uses, locations and physical attractions.
 - *Action Statement C1.2.1* Promote downtown as a unique place that is interesting and accessible to the whole City and the region.
 - Policy C4.1 Maintain a diversity of commercial enterprises and industrial uses to sustain and bolster the local economy.
 - *Action Statement C4.1.2* Encourage businesses that provide a range of job opportunities.
 - *Action Statement C4.1.3* Promote commercial uses that respond to the current and future retail service needs of the community.
 - *Action Statement C4.1.4* Create a strong, identifiable central business district that provides regional and Citywide shopping opportunities.

The expected benefit of this budget issue is to increase hotel occupancy by promoting Sunnyvale as an attractive destination.

5. Origin of issue: Council X (Councilmembers Fred Fowler, Ron Swegles, and Otto Lee)


6. Projected cost (list rough annual cost of budget item):

Operating Issue \$_____ (Annual Operating Costs)

Capital/Project \$ 65,000 (Project Cost)
 \$_____ (Associated Annual Operating Costs)

Funds will be used for: 1 ad per month in the Silicon Business Journal,
1 e-mail blast per month to companies showcasing
Sunnyvale hotels, and
hire an Ad Agency or marketing firm to develop a
promotion campaign for the Sunnyvale hospitality
industry that will include creative services as well as
media buys.

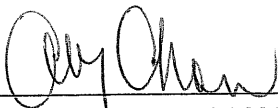
Reviewed:



Department Director

12/21/05

Date



APPROVED BY CITY MANAGER

1/27/05

Date